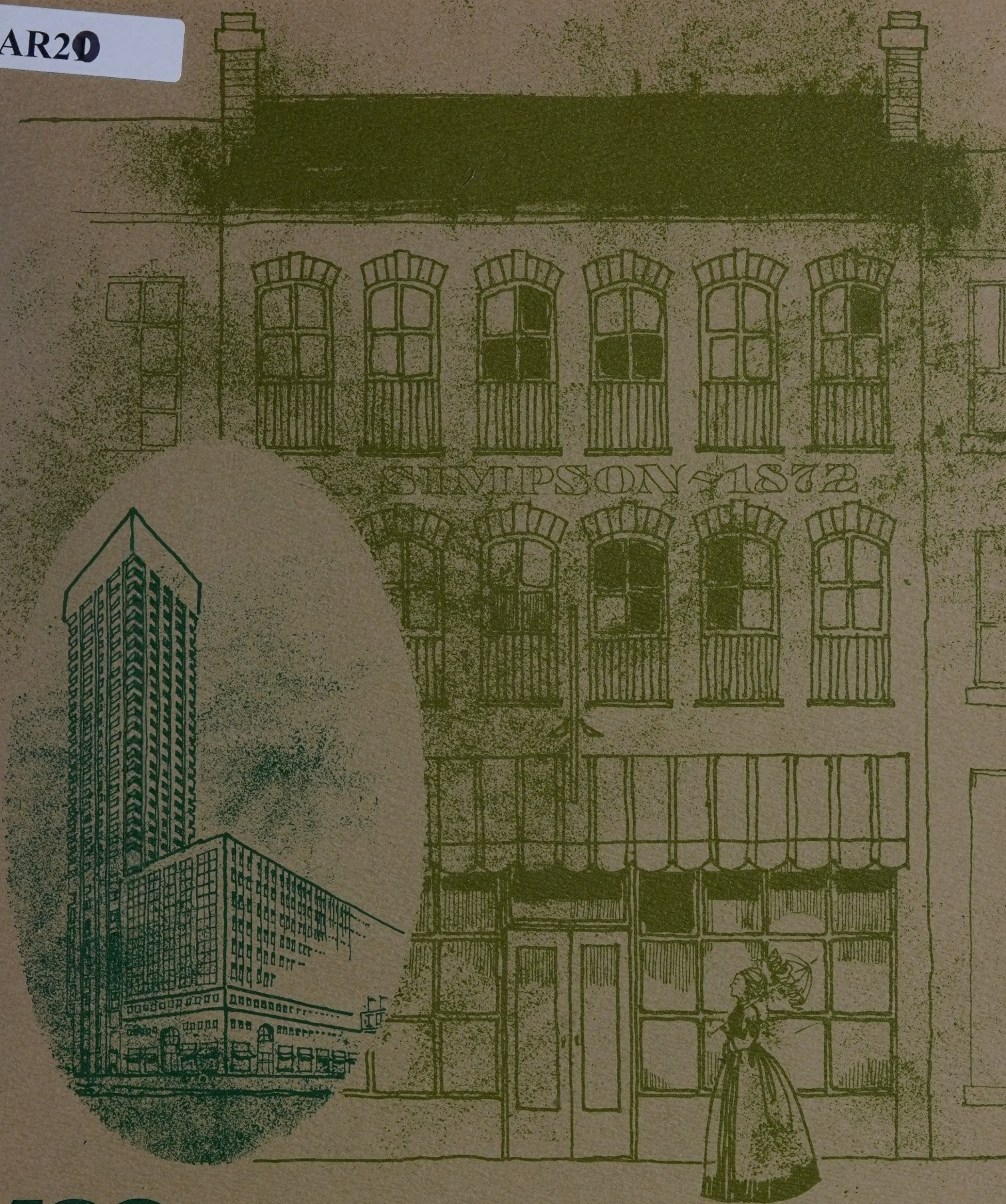


AR20



simpsons, limited annual report 1971



## simpsons, limited

### directors

WILLIAM D. ALLPORT

JACK C. BARROW

THOMAS J. BELL, M.C.

JAMES S. BRYANT

EDGAR G. BURTON

G. ALLAN BURTON, D.S.O., E.D.

ROBERT C. GIBSON

CHARLES L. GUNDY, LL.D.

JOHN C. PORTER

WILLIAM P. SCOTT, LL.D.

CHARLES B. STEWART

JAMES M. TORY, Q.C.

~~FREDERIC C. WALLACE, D.S.O., M.C.~~

WILLIAM P. WILDER

ALFRED POWIS

### officers

G. ALLAN BURTON, D.S.O., E.D.  
*Chairman of the Board and  
Chief Executive Officer*

CHARLES B. STEWART  
*President*

WILLIAM P. SCOTT, LL.D.  
*Vice-President*

ROBERT C. GIBSON  
*Executive Vice-President,  
Administration*

WILLIAM D. ALLPORT  
*Vice-President and Comptroller*

JAMES S. BRYANT  
*Vice-President, Montreal Area*

EDGAR G. BURTON  
*Vice-President, Toronto Area*

KENNETH W. KERNAGHAN, Q.C.  
*Vice-President and Secretary*

OLIVER B. MABEE  
*Vice-President, Personnel and  
Public Relations*

ELMER L. ROUNDING  
*Vice-President, Planning and  
Development*

DOUGLAS R. STEELE  
*Vice-President, Merchandising*

A. ERNEST WILKES  
*Vice-President and Treasurer*

IAN M. GIBSON  
*Assistant Treasurer*

RONALD L. RADLEY  
*Assistant Secretary*

### head office

THE SIMPSON TOWER  
401 Bay Street, Toronto 210, Ontario

### transfer agents

NATIONAL TRUST COMPANY,  
LIMITED  
Toronto and Montreal

CANADA PERMANENT TRUST  
COMPANY  
Halifax, Winnipeg and Calgary

THE CANADA TRUST COMPANY  
Vancouver

### registrars

THE ROYAL TRUST COMPANY  
Toronto and Montreal

CANADA PERMANENT TRUST  
COMPANY  
Halifax, Winnipeg and Calgary

THE CANADA TRUST COMPANY  
Vancouver





# AR20

## HEAD OFFICE

---

THE SIMPSON TOWER  
401 Bay Street, Toronto 210, Ontario

## DEPARTMENT STORES

---

### TORONTO AREA

Downtown  
Yorkdale  
Fairview  
Cedarbrae  
Sherway

### MONTREAL AREA

Downtown  
Fairview-Pointe Claire  
Les Galeries d'Anjou

REGINA • HALIFAX • LONDON

## REGISTRARS

---

THE ROYAL TRUST COMPANY  
Toronto and Montreal

CANADA PERMANENT TRUST COMPANY  
Halifax, Winnipeg and Calgary

THE CANADA TRUST COMPANY  
Vancouver

## TRANSFER AGENTS

---

NATIONAL TRUST COMPANY, LIMITED  
Toronto and Montreal

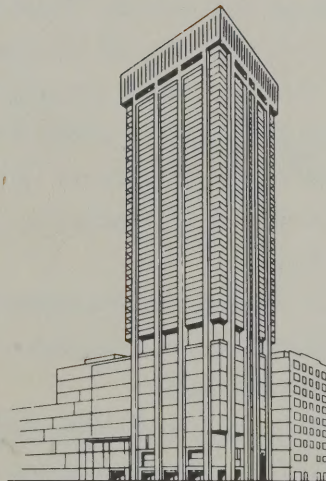
CANADA PERMANENT TRUST COMPANY  
Halifax, Winnipeg and Calgary

THE CANADA TRUST COMPANY  
Vancouver

NOT TO BE RELEASED BEFORE SAT.  
AUGUST 7th, 1971.

K.W. Kernaghan, Q.C. 861-7047  
Vice-President and Secretary

*Simpsons*



## INTERIM REPORT TO SHAREHOLDERS

FOR SIX MONTHS ENDED JULY 7, 1971

**SIMPSONS, LIMITED**

THE SIMPSON TOWER  
TORONTO 210, CANADA

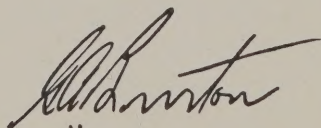
## INTERIM CONSOLIDATED

### TO THE SHAREHOLDERS:

Simpsons retail store sales for the six months ended July 7, 1971 were up 12.1%. The two new stores in the Toronto area, Fairview and Sherway, contributed to this increase. Total sales exceeded \$142,000,000, an increase of 9.5% over the same period last year. Net earnings including equity in undistributed net earnings of Simpsons-Sears Limited were 26.5¢ per share compared with 17.2¢.

Sales and earnings for the balance of the year should show a continued improvement over last year.

We recently announced plans for two new compact but complete department stores, one in Shoppers' World centre in Brampton, Ontario to open in August 1972 and the other in Micmac Shopping Centre in Dartmouth, Nova Scotia to open in 1973.



Chairman of the Board

August 6, 1971

|                                                                         |           |
|-------------------------------------------------------------------------|-----------|
| Net sales                                                               | - - - - - |
| Rentals and other income                                                | - - - - - |
| Net earnings from operations, before income taxes                       | - - - - - |
| Equity in net earnings of Simpsons-Sears Limited:                       |           |
| Dividends received                                                      | - - - - - |
| Equity in undistributed net earnings                                    | - - - - - |
| Federal and provincial income taxes                                     | - - - - - |
| Net earnings                                                            | - - - - - |
| Net earnings per share, on monthly average number of shares outstanding | - - - - - |

## CONSOLIDATED STATEMENT OF SO

### SOURCE OF FUNDS:

|                                                    |           |
|----------------------------------------------------|-----------|
| From operations:                                   |           |
| Net earnings                                       | - - - - - |
| Provision for depreciation                         | - - - - - |
| Write-off on departmental improvements             | - - - - - |
| Amortization of debenture discount and expense     | - - - - - |
| Equity in undistributed net earnings of Simpsons-  | - - - - - |
| Refundable federal tax                             | - - - - - |
| Non-current accounts receivable                    | - - - - - |
| Common shares issued under Employees' Stock Option | - - - - - |
| Net book value of fixed assets disposals           | - - - - - |

### APPLICATION OF FUNDS:

|                                           |           |
|-------------------------------------------|-----------|
| Additions to fixed assets                 | - - - - - |
| Expenditures on departmental improvements | - - - - - |
| Investments and advances                  | - - - - - |
| Sinking fund requirements on debentures   | - - - - - |
| Dividends on common shares                | - - - - - |
| Decrease in working capital               | - - - - - |
| Working capital at beginning of period    | - - - - - |
| Working capital at end of period          | - - - - - |

Subject to year-end audit and adjustments

# SUBSIDIARY COMPANIES

## STATEMENT OF EARNINGS

*Six months ended*

|           | <i>July 7, 1971</i> | <i>July 8, 1970</i> |
|-----------|---------------------|---------------------|
| - - - - - | \$142,052,418       | \$129,686,714       |
| - - - - - | 1,389,420           | 1,214,560           |
| - - - - - | 3,676,801           | 2,987,938           |
| - - - - - | 1,584,000           | 1,584,000           |
| - - - - - | 733,377             | (358,583)           |
| - - - - - | 1,948,700           | 1,590,950           |
| - - - - - | 4,045,478           | 2,622,405           |
| - - - - - | 26.5 cents          | 17.2 cents          |

## USE AND APPLICATION OF FUNDS

*Six months ended*

|                   | <i>July 7, 1971</i>  | <i>July 8, 1970</i>  |
|-------------------|----------------------|----------------------|
| - - - - -         | \$ 4,045,478         | \$ 2,622,405         |
| - - - - -         | 1,837,491            | 1,634,613            |
| - - - - -         | 1,337,875            | 1,114,285            |
| - - - - -         | 23,180               | 17,321               |
| Limited - - - - - | (733,377)            | 358,583              |
| - - - - -         | <u>6,510,647</u>     | <u>5,747,207</u>     |
| - - - - -         | —                    | 63,220               |
| - - - - -         | 65,435               | 75,630               |
| ns - - - - -      | 317,112              | 153,764              |
| - - - - -         | 113,271              | 64,025               |
| - - - - -         | <u>7,006,465</u>     | <u>6,103,846</u>     |
| - - - - -         | 2,312,990            | 3,165,546            |
| - - - - -         | 2,156,952            | 1,229,401            |
| - - - - -         | 1,400,000            | —                    |
| - - - - -         | 28,000               | 1,124,100            |
| - - - - -         | 3,050,718            | 3,047,037            |
| - - - - -         | <u>8,948,660</u>     | <u>8,566,084</u>     |
| - - - - -         | 1,942,195            | 2,462,238            |
| - - - - -         | 104,989,549          | 111,647,548          |
| - - - - -         | <u>\$103,047,354</u> | <u>\$109,185,310</u> |

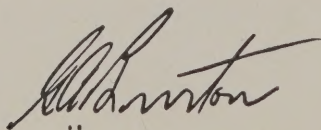


## TO THE SHAREHOLDERS:

Simpsons retail store sales for the six months ended July 7, 1971 were up 12.1%. The two new stores in the Toronto area, Fairview and Sherway, contributed to this increase. Total sales exceeded \$142,000,000, an increase of 9.5% over the same period last year. Net earnings including equity in undistributed net earnings of Simpsons-Sears Limited were 26.5¢ per share compared with 17.2¢.

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*Chairman of the Board*

August 6, 1971

## DIRECTORS

|                                   |                               |
|-----------------------------------|-------------------------------|
| WILLIAM D. ALLPORT                | JACK C. BARROW                |
| THOMAS J. BELL, M.C.              | JAMES S. BRYANT               |
| EDGAR G. BURTON                   | G. ALLAN BURTON, D.S.O., E.D. |
| ROBERT C. GIBSON                  | CHARLES L. GUNDY, LL.D.       |
| JOHN C. PORTER                    | WILLIAM P. SCOTT              |
| CHARLES B. STEWART                | JAMES M. TORY, Q.C.           |
| FREDERIC C. WALLACE, D.S.O., M.C. | WILLIAM P. WILDER             |

## OFFICERS

|                                                                          |
|--------------------------------------------------------------------------|
| G. ALLAN BURTON, D.S.O., E.D.<br><i>Chairman of the Board</i>            |
| CHARLES B. STEWART<br><i>President</i>                                   |
| WILLIAM P. SCOTT<br><i>Vice-President</i>                                |
| ROBERT C. GIBSON<br><i>Executive Vice-President, Administration</i>      |
| WILLIAM D. ALLPORT<br><i>Vice-President and Comptroller</i>              |
| JAMES S. BRYANT<br><i>Vice-President, Montreal Area</i>                  |
| EDGAR G. BURTON<br><i>Vice-President, Toronto Area</i>                   |
| KENNETH W. KERNAGHAN, Q.C.<br><i>Vice-President and Secretary</i>        |
| OLIVER B. MABEE<br><i>Vice-President, Personnel and Public Relations</i> |
| ELMER L. ROUNDING<br><i>Vice-President, Planning and Development</i>     |
| DOUGLAS R. STEELE<br><i>Vice-President, Merchandising</i>                |
| A. ERNEST WILKES<br><i>Vice-President and Treasurer</i>                  |
| IAN M. GIBSON<br><i>Assistant Treasurer</i>                              |
| RONALD L. RADLEY<br><i>Assistant Secretary</i>                           |





## highlights

|                                                                                                          | 1971                 | 1970          |
|----------------------------------------------------------------------------------------------------------|----------------------|---------------|
| Net sales .....                                                                                          | <b>\$335,197,426</b> | \$302,534,874 |
| Dividends from Simpsons-Sears Limited .....                                                              | <b>3,168,000</b>     | 3,168,000     |
| Equity in undistributed net earnings of<br>Simpsons-Sears Limited .....                                  | <b>4,774,230</b>     | 1,992,552     |
| Net earnings including equity in undistributed<br>net earnings of Simpsons-Sears Limited .....           | <b>17,230,969</b>    | 12,479,209    |
| Per share .....                                                                                          | <b>1.13</b>          | .82           |
| Dividends paid .....                                                                                     | <b>6,106,444</b>     | 6,095,074     |
| Contributions to Simpsons Profit Sharing<br>Retirement Fund and Canada and Quebec<br>pension plans ..... | <b>2,450,860</b>     | 2,104,962     |
| Expenditures for fixed assets including<br>departmental improvements .....                               | <b>8,403,581</b>     | 15,151,332    |
| Provision for depreciation .....                                                                         | <b>3,722,581</b>     | 3,336,265     |
| Earnings per share are based on weighted average<br>number of shares outstanding during the year.        |                      |               |







## directors' report to the shareholders:

1971 was a challenging and exciting year!

It was a challenging year because in the first few months the economy did not regain a positive forward momentum as had been expected; unemployment was rising, financial markets around the world were in disarray and consumer confidence generally was at a low ebb. It was an exciting year because of the improvement in economic conditions which took place after the first few months, particularly in the retail and consumer oriented industries. Your Company, with its strong management and sound financial position, was able to take full advantage of a rapidly improving retail market. At the same time, we undertook the planning of major Centennial events for 1972 to make this year the most memorable in our 100 years of service to Canadians.

In spite of challenging conditions early in 1971, Simpsons sales and profits reached new highs. Net sales rose to \$335,197,000 or 10.8% over the previous year. The retail stores division showed a sales increase of 12.2% while the contract division, because of a planned reorganization, showed a decrease in sales of 9.1%. Net earnings, including equity in undistributed net earnings of Simpsons-Sears Limited, increased 38.1% to \$17,231,000 or \$1.13 per share compared with \$12,479,000 or 82¢ per share in 1970. During each year a 40¢ per share dividend was paid.

Our new Toronto stores, Sherway which opened in February 1971 and Fairview which opened in August 1970, contributed substantially to the increase in sales and both stores have more than met our expectations. Customer acceptance of expansion of the London store has justified the increased investment in that city. A steady and continued improvement in the Montreal area stores and further gains in our Halifax store were highlights of 1971.

In August of this year the Company will open a compact, medium-sized department store of 95,000 square feet in the Shoppers' World Shopping Centre in Brampton, a rapidly expanding area north west of Toronto. Another compact store is being planned to open in the summer of the following year in the Micmac Shopping Centre in Dartmouth, Nova Scotia, a fast growing city across the harbour from Halifax. Your Company will have a one-third share interest in this centre. At about the same time in 1973, a 172,000 square foot store will open in the Scarborough Town Centre in east Toronto. This is a large regional two-level centre which will contain 850,000 square feet of rentable space including two other major retailers.

During the year no new financing was required. Capital expenditures of over \$8,400,000 were financed with money generated by the business. Working capital at year-end stood at \$103,000,000. In 1972 it is estimated that major capital expenditures will be about \$5,000,000.



In 1971 the Company contributed \$1,543,076 to Simpsons Profit Sharing Retirement Fund and \$907,784 to the Canada and Quebec pension plans representing the maximum contribution of 10% of profits before taxes according to the provisions of the Plan of the Fund. The 8193 members of the Fund own 7.9% of the outstanding shares of Simpsons, Limited.

Effective December 28, 1971, the Company instituted the funding of a Supplementary Pension Plan which, as a supplement to the Plan of the Profit Sharing Retirement Fund, guarantees the level of retirement income for our employees. This is a continuation of our policy of reviewing overall employee benefits.

To commemorate our 100th Anniversary, your Directors have had a new stock certificate designed which is being issued now by our transfer agents across Canada. The new certificate incorporates an engraving of the thirty-three storey Simpson Tower and all those issued this year will bear the 100 year symbol as illustrated throughout this Report.

The 1971 financial highlights of Simpsons-Sears Limited, in which your Company and Sears, Roebuck and Co. each own a 42% interest, are presented on page 16 of this Report. Sales increased 18.4% to \$765,778,000 and net earnings 55.3% to \$18,951,000 or \$1.21 per share compared with 78¢ per share in the previous year. The combined sales of Simpsons and Simpsons-Sears now exceed one billion dollars to a total of over \$1,100,000,000.

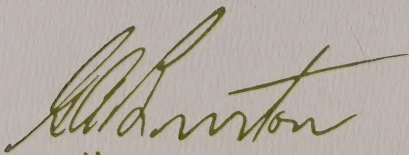
In February 1972, Simpsons agreed to purchase a 15% share interest for \$5,000,000 in Peel-Elder Limited, a real estate company, which is the owner of Shoppers' World Shopping Centre in Brampton. This company owns other shopping centres and residential development properties which can be of future importance to our retail expansion.

On March 15, 1972, Simpsons Acceptance Company Limited, a wholly-owned subsidiary which purchases and collects instalment accounts receivable, issued \$10,000,000 principal amount of 8 $\frac{3}{8}$ % Secured Debentures Series F due March 15, 1992. The net proceeds of this issue have been applied to the reduction of bank loans incurred in the ordinary course of business.

We regret that Brigadier F. C. Wallace, who has been a member of the Board of Directors for the past three years, will not be standing for re-election. His sound counsel and unfailing attention to the affairs of the Company during the period of his service to the Board is much appreciated.

Your Directors wish to commend all members of the staff for their dedication and loyalty throughout the year and to congratulate employees and suppliers on the excellent Centennial events which are now setting new records for Simpsons.

On behalf of the Board

A handwritten signature in dark ink, appearing to read "A. Linton", is written over a horizontal line.

Chairman of the Board

March 17, 1972





## SIMPSON'S, LIMITED and Subsidiary Companies

### CONSOLIDATED STATEMENT OF EARNINGS

|                                                                               | FISCAL YEAR ENDED    |                 |
|-------------------------------------------------------------------------------|----------------------|-----------------|
|                                                                               | January 5, 1972      | January 6, 1971 |
| Net sales .....                                                               | <b>\$335,197,426</b> | \$302,534,874   |
| Equity in net earnings of Simpsons-Sears Limited:                             |                      |                 |
| Dividends received .....                                                      | <b>3,168,000</b>     | 3,168,000       |
| Equity in undistributed net earnings .....                                    | <b>4,774,230</b>     | 1,992,552       |
| Rentals and other income .....                                                | <b>2,988,705</b>     | 2,366,161       |
|                                                                               | <b>346,128,361</b>   | 310,061,587     |
| Deduct:                                                                       |                      |                 |
| Cost of merchandise sold and all expenses, except the items shown below ..... | <b>299,562,017</b>   | 270,117,607     |
| Provision for depreciation .....                                              | <b>3,722,581</b>     | 3,336,265       |
| Interest on debentures, including amortization of discount and expense .....  | <b>6,704,294</b>     | 6,775,719       |
| Other interest .....                                                          | <b>848,421</b>       | 739,660         |
| Municipal realty and business taxes .....                                     | <b>6,719,219</b>     | 6,098,165       |
| Contribution to Simpsons Profit Sharing Retirement Fund .....                 | <b>1,543,076</b>     | 1,275,685       |
| Contributions to Canada and Quebec pension plans .....                        | <b>907,784</b>       | 829,277         |
|                                                                               | <b>320,007,392</b>   | 289,172,378     |
| Earnings before income taxes .....                                            | <b>26,120,969</b>    | 20,889,209      |
| Provision for income taxes .....                                              | <b>8,890,000</b>     | 8,410,000       |
| NET EARNINGS FOR THE FISCAL YEAR .....                                        | <b>\$ 17,230,969</b> | \$ 12,479,209   |
| Net earnings per share .....                                                  | <b>\$1.13</b>        | \$0.82          |

### CONSOLIDATED STATEMENT OF RETAINED EARNINGS

|                                                                                                                   | FISCAL YEAR ENDED    |                 |
|-------------------------------------------------------------------------------------------------------------------|----------------------|-----------------|
|                                                                                                                   | January 5, 1972      | January 6, 1971 |
| Balance at beginning of year .....                                                                                | <b>\$132,348,902</b> | \$124,787,663   |
| Net earnings for the fiscal year .....                                                                            | <b>17,230,969</b>    | 12,479,209      |
| Increase in equity in Simpsons-Sears Limited on issue by that company of additional Class A shares (Note 1) ..... | <b>578,168</b>       | 1,177,104       |
|                                                                                                                   | <b>150,158,039</b>   | 138,443,976     |
| Dividends on common shares (1971—40 cents per share; 1970—40 cents per share) .....                               | <b>6,106,444</b>     | 6,095,074       |
| Balance at end of year .....                                                                                      | <b>\$144,051,595</b> | \$132,348,902   |





# SIMPSONS, LIMITED and Subsidiary Companies

## CONSOLIDATED BALANCE SHEET

### ASSETS

AT THE FISCAL YEAR-END

January 5, 1972      January 6, 1971

#### CURRENT ASSETS:

|                                                                                   |                    |                    |
|-----------------------------------------------------------------------------------|--------------------|--------------------|
| Cash .....                                                                        | \$ 1,185,931       | \$ 874,431         |
| Government of Canada Bonds, at cost .....                                         | 44,772             | 41,552             |
| Accounts receivable (Note 2) .....                                                | 111,634,022        | 108,136,748        |
| Inventories valued at the lower of approximate<br>cost and realizable value ..... | 49,114,771         | 39,998,496         |
| Prepaid expenses .....                                                            | 2,187,732          | 2,150,391          |
|                                                                                   | <u>164,167,228</u> | <u>151,201,618</u> |

#### INVESTMENTS AND OTHER ASSETS:

|                                                            |                   |                   |
|------------------------------------------------------------|-------------------|-------------------|
| Simpsons-Sears Limited (Note 1) .....                      | 72,094,912        | 66,742,514        |
| Other investments, at cost, and advances<br>(Note 3) ..... | 4,715,171         | 1,138,995         |
| Accounts receivable (Note 2) .....                         | 2,907,092         | 5,134,038         |
|                                                            | <u>79,717,175</u> | <u>73,015,547</u> |

#### FIXED ASSETS:

|                                                                                    |                    |                    |
|------------------------------------------------------------------------------------|--------------------|--------------------|
| Land and buildings as appraised in 1952 with<br>subsequent additions at cost ..... | 100,553,847        | 98,426,722         |
| Equipment and fixtures, at cost .....                                              | 35,654,773         | 34,259,019         |
|                                                                                    | <u>136,208,620</u> | <u>132,685,741</u> |
| Less—Accumulated depreciation .....                                                | 38,276,473         | 35,655,000         |
|                                                                                    | <u>97,932,147</u>  | <u>97,030,741</u>  |
| Departmental improvements, at cost less<br>amounts written off .....               | 14,173,816         | 13,393,343         |
|                                                                                    | <u>112,105,963</u> | <u>110,424,084</u> |

#### UNAMORTIZED DEBENTURE DISCOUNT AND EXPENSE .....

|                      |                      |
|----------------------|----------------------|
| 1,058,921            | 1,158,729            |
| <u>\$357,049,287</u> | <u>\$335,799,978</u> |



## LIABILITIES

### AT THE FISCAL YEAR-END

|                                                                                     | January 5, 1972    | January 6, 1971    |
|-------------------------------------------------------------------------------------|--------------------|--------------------|
| CURRENT LIABILITIES:                                                                |                    |                    |
| Demand and short term notes (Note 4) .....                                          | \$ 16,577,000      | \$ 11,388,500      |
| Accounts payable .....                                                              | 21,881,229         | 19,432,794         |
| Accrued wages, rent, interest, etc. ....                                            | 8,696,764          | 8,102,559          |
| Customers' deposit accounts .....                                                   | 1,167,899          | 1,235,316          |
| Income and other taxes .....                                                        | 5,009,721          | 3,803,515          |
| Balance of contribution payable to<br>Simpsons Profit Sharing Retirement Fund ..... | 1,393,076          | 1,275,685          |
| Principal payments on long term debt due<br>within one year .....                   | 6,486,000          | 973,700            |
|                                                                                     | <u>61,211,689</u>  | <u>46,212,069</u>  |
| LONG TERM DEBT (Note 5) .....                                                       | 95,084,000         | 102,496,000        |
| DEFERRED INCOME TAXES .....                                                         | 8,920,000          | 7,990,000          |
|                                                                                     | <u>165,215,689</u> | <u>156,698,069</u> |

## SHAREHOLDERS' EQUITY

### CAPITAL STOCK:

|                                                                                                                           |                      |                      |
|---------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Common shares (Note 6)—<br>Authorized—20,000,000 shares without<br>nominal or par value<br>Issued—15,310,373 shares ..... | 30,927,378           | 29,898,382           |
| RETAINED EARNINGS .....                                                                                                   | 144,051,595          | 132,348,902          |
| APPRAISED VALUE OF LAND AND BUILDINGS<br>IN EXCESS OF DEPRECIATED BOOK VALUE<br>ON JULY 31, 1952 .....                    | 16,854,625           | 16,854,625           |
|                                                                                                                           | <u>191,833,598</u>   | <u>179,101,909</u>   |
|                                                                                                                           | <u>\$357,049,287</u> | <u>\$335,799,978</u> |

### APPROVED ON BEHALF OF THE BOARD

G. A. Burton  
Director

W. P. Scott  
Director





## SIMPSON'S, LIMITED and Subsidiary Companies

### CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

|                                                                         | FISCAL YEAR ENDED    |                      |
|-------------------------------------------------------------------------|----------------------|----------------------|
|                                                                         | January 5, 1972      | January 6, 1971      |
| <b>SOURCE OF FUNDS:</b>                                                 |                      |                      |
| From current operations:                                                |                      |                      |
| Net earnings .....                                                      | \$ 17,230,969        | \$ 12,479,209        |
| Provision for depreciation .....                                        | 3,722,581            | 3,336,265            |
| Write-off on departmental improvements .....                            | 2,845,288            | 2,375,407            |
| Amortization of debenture discount<br>and expense .....                 | 99,808               | 75,950               |
| Deferred income taxes .....                                             | 930,000              | 1,130,000            |
| Equity in undistributed net earnings of<br>Simpsons-Sears Limited ..... | (4,774,230)          | (1,992,552)          |
|                                                                         | <u>20,054,416</u>    | <u>17,404,279</u>    |
| Non-current accounts receivable .....                                   | 2,226,946            | (114,987)            |
| Common shares issued under Employees'<br>Stock Option Plans .....       | 1,028,996            | 215,122              |
| Net book value of fixed assets disposals .....                          | 153,833              | 43,693               |
|                                                                         | <u>23,464,191</u>    | <u>17,548,107</u>    |
| <b>APPLICATION OF FUNDS:</b>                                            |                      |                      |
| Additions to fixed assets .....                                         | 4,777,820            | 11,046,775           |
| Expenditures on departmental improvements .....                         | 3,625,761            | 4,104,557            |
| Investments and advances .....                                          | 3,576,176            | —                    |
| Retirement of long term debt .....                                      | 7,412,000            | 2,959,700            |
| Dividends on common shares .....                                        | 6,106,444            | 6,095,074            |
|                                                                         | <u>25,498,201</u>    | <u>24,206,106</u>    |
| Decrease in working capital .....                                       | 2,034,010            | 6,657,999            |
| Working capital at beginning of year .....                              | 104,989,549          | 111,647,548          |
| Working capital at end of year .....                                    | <u>\$102,955,539</u> | <u>\$104,989,549</u> |



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **PRINCIPLES OF CONSOLIDATION:** The consolidated financial statements include the accounts of all subsidiaries.

The investment in Simpsons-Sears Limited, representing 50% of the voting shares of the company, is stated at cost plus the increase in Simpsons, Limited equity since the formation of that company. The other 50% of the voting shares of Simpsons-Sears Limited is owned by Sears, Roebuck and Co. while the non-voting Class A shares are owned by other shareholders. The issue of additional Class A shares by Simpsons-Sears Limited at an amount per share in excess of book value increases Simpsons, Limited equity in Simpsons-Sears Limited. Such increases are credited to retained earnings.

### 2. ACCOUNTS RECEIVABLE:

|                                            | January 5, 1972      | January 6, 1971      |
|--------------------------------------------|----------------------|----------------------|
| Customer instalment accounts .....         | \$ 89,580,816        | \$ 86,705,207        |
| Charge and other customer accounts .....   | 27,700,708           | 29,123,100           |
| Miscellaneous accounts .....               | 1,924,238            | 2,041,037            |
|                                            | <u>119,205,762</u>   | <u>117,869,344</u>   |
| Less allowance for doubtful accounts ..... | 4,664,648            | 4,598,558            |
|                                            | <u>114,541,114</u>   | <u>113,270,786</u>   |
| Non-current accounts receivable .....      | 2,907,092            | 5,134,038            |
|                                            | <u>\$111,634,022</u> | <u>\$108,136,748</u> |

In accordance with recognized trade practices, instalment accounts receivable include amounts which will not become due within one year. However, other accounts receivable not expected to be collected within one year, arising from large scale contracts of the Contract Division, have been classified as non-current accounts receivable. For the most part the Contract Division is engaged in furnishing and equipping institutional and commercial premises.

### 3. OTHER INVESTMENTS AND ADVANCES:

|                                                                                                                     | January 5, 1972     | January 6, 1971     |
|---------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Shares in public companies (quoted market value January 5, 1972 — \$5,734,000; January 6, 1971 — \$1,710,000) ..... | \$ 2,072,750        | \$ 42,750           |
| Shares in and advances to partly-owned shopping centre companies .....                                              | 2,326,176           | 780,000             |
| Miscellaneous .....                                                                                                 | 316,245             | 316,245             |
|                                                                                                                     | <u>\$ 4,715,171</u> | <u>\$ 1,138,995</u> |

4. **DEMAND AND SHORT TERM NOTES:** Demand notes payable to banks of \$12,000,000 are secured by the pledge of Secured Debentures Series A of Simpsons Acceptance Company Limited.





## SIMPSONS, LIMITED and Subsidiary Companies

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 5. LONG TERM DEBT:

|                                                          | January 5, 1972      | January 6, 1971       |
|----------------------------------------------------------|----------------------|-----------------------|
| Simpsons, Limited—                                       |                      |                       |
| 4¾ % Debentures Series A due January 1, 1973 .....       | \$ 6,478,000         | \$ 7,464,700          |
| 5 % Debentures Series B due December 1, 1976 .....       | 129,000              | 138,000               |
| 5½ % Debentures Series C due September 15, 1979 .....    | 96,000               | 116,000               |
| 5¾ % Debentures Series D due February 1, 1984 .....      | 10,000,000           | 10,000,000            |
| 5¾ % Debentures Series E due July 15, 1985 .....         | 12,500,000           | 12,500,000            |
| 6½ % Debentures Series F due March 15, 1987 .....        | 12,367,000           | 13,251,000            |
| 9½ % Debentures Series G due December 15, 1989 .....     | 15,000,000           | 15,000,000            |
|                                                          | <u>56,570,000</u>    | <u>58,469,700</u>     |
| Less principal payments due within one year .....        | 6,486,000            | 973,700               |
|                                                          | <u>\$ 50,084,000</u> | <u>\$ 57,496,000</u>  |
| Simpsons Acceptance Company Limited—                     |                      |                       |
| 6 % Secured Debentures Series B due May 15, 1981 .....   | 15,000,000           | 15,000,000            |
| 5½ % Secured Debentures Series C due June 15, 1982 ..... | 10,000,000           | 10,000,000            |
| 5¾ % Secured Debentures Series D due April 1, 1984 ..... | 10,000,000           | 10,000,000            |
| 6¾ % Secured Debentures Series E due June 15, 1986 ..... | 10,000,000           | 10,000,000            |
|                                                          | <u>45,000,000</u>    | <u>45,000,000</u>     |
|                                                          | <u>\$ 95,084,000</u> | <u>\$ 102,496,000</u> |

Principal payments required subsequent to January 5, 1972 for the fiscal years shown are as follows:  
 1972 — \$6,486,000; 1973 — \$9,000; 1974 — \$2,251,000; 1975 — \$2,633,000; 1976 — \$2,720,000.

Since January 5, 1972 Simpsons Acceptance Company Limited has issued and sold \$10,000,000 principal amount of 8¾ % Secured Debentures Series F due March 15, 1992.

6. CAPITAL STOCK: Under the terms of the Employees' Stock Option Plans, approved by the shareholders in 1957 and 1965, 68,223 common shares were issued during the fiscal year ended January 5, 1972 for \$1,028,996. The Employees' Stock Option Plans provide that the option price shall be the market price of the shares on the day immediately preceding the date of grant and that the options may not be exercised later than ten years from date of grant. Outstanding options at January 5, 1972 were as follows:

| Date options granted | Option price per share | Officer directors and other officers | Other employees | Total          |
|----------------------|------------------------|--------------------------------------|-----------------|----------------|
| 1957 plan:           |                        |                                      |                 |                |
| March 1962 .....     | \$ 8.00                | —                                    | 295             | 295            |
| March 1964 .....     | 10.125                 | —                                    | 260             | 260            |
| 1965 plan:           |                        |                                      |                 |                |
| April 1965 .....     | 14.00                  | 20,936                               | 65,956          | 86,892         |
| January 1969 .....   | 16.625                 | 28,000                               | 191,288         | 219,288        |
| March 1969 .....     | 17.625                 | 35,000                               | 1,762           | 36,762         |
| February 1971 .....  | 18.625                 | 25,000                               | —               | 25,000         |
|                      |                        | <u>108,936</u>                       | <u>259,561</u>  | <u>368,497</u> |



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7. SUPPLEMENTARY PENSION PLAN: Simpsons, Limited has followed the practice of paying allowances to supplement retirement income provided by Government plans and the Profit Sharing Retirement Fund. During the fiscal year ended January 5, 1972, however, a non-contributory pension plan was adopted designed to fully fund the supplemental retirement allowances. Under this plan, the unfunded obligation for past service at January 5, 1972, estimated by independent actuaries to be approximately \$12,300,000, is to be amortized by annual payments through 1989.

8. LONG TERM LEASES: Annual rentals under long term leases amount to approximately \$3,100,000.

9. CONTINGENT LIABILITIES:

(a) Simpsons, Limited has guaranteed \$6,900,000 of the bank indebtedness at January 5, 1972 of Les Galeries d'Anjou Limitée, a 50% owned shopping centre company. This indebtedness, together with an equal amount guaranteed by the other 50% owner of the company, matures on May 1, 1973.

(b) Simpsons, Limited and Hudson's Bay Company, part owners of Woodbine-Sheppard Shopping Centre Limited, have jointly and severally agreed to meet all payments of interest and principal on its \$17,500,000 principal amount of Bonds. Cemp Investments Ltd., the other part owner of the company, has agreed to make available 50% of all funds which Simpsons, Limited and Hudson's Bay Company may be called upon to provide under their agreements.

10. CAPITAL EXPENDITURES: Capital expenditures for the completion of construction in progress, and other authorized and proposed major additions to fixed assets, are estimated at \$13,200,000. Of this amount it is estimated that \$4,900,000 will be expended in the fiscal year ending January 3, 1973, and the balance in subsequent fiscal years.

11. REMUNERATION OF DIRECTORS AND OFFICERS: For the fiscal year ended January 5, 1972 eight directors received an aggregate remuneration of \$52,462, the remaining six directors received no remuneration as directors. The remuneration of seventeen officers, six of whom are also directors and four of whom are past officers, amounted to \$1,121,652. The total remuneration of directors and officers is paid by The Robert Simpson Company Limited, a subsidiary of Simpsons, Limited, and partly distributed to other operating subsidiaries.

## AUDITORS' REPORT

TO THE SHAREHOLDERS OF SIMPSONS, LIMITED:

We have examined the consolidated balance sheet of Simpsons, Limited and subsidiary companies as at January 5, 1972 and the consolidated statements of earnings, retained earnings and source and application of funds for the fiscal year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at January 5, 1972 and the results of their operations and the source and application of their funds for the fiscal year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, March 10, 1972

PRICE WATERHOUSE & CO.  
Chartered Accountants





## SIMPSONS, LIMITED and Subsidiary Companies

### TEN YEARS IN REVIEW

|                                                                         | 1971                 | 1970          | 1969          |
|-------------------------------------------------------------------------|----------------------|---------------|---------------|
| <b>OPERATING RESULTS</b>                                                |                      |               |               |
| Net sales .....                                                         | <b>\$335,197,426</b> | \$302,534,874 | \$300,579,346 |
| Dividends from Simpsons-Sears Limited .....                             | <b>3,168,000</b>     | 3,168,000     | 3,036,000     |
| Equity in undistributed net earnings of<br>Simpsons-Sears Limited ..... | <b>4,774,230</b>     | 1,992,552     | 3,474,896     |
| Provision for depreciation .....                                        | <b>3,722,581</b>     | 3,336,265     | 3,080,689     |
| Interest charges .....                                                  | <b>7,552,715</b>     | 7,515,379     | 7,105,648     |
| Income taxes .....                                                      | <b>8,890,000</b>     | 8,410,000     | 9,570,000     |
| Net earnings .....                                                      | <b>17,230,969</b>    | 12,479,209    | 14,669,016*   |
| Dividends paid .....                                                    | <b>6,106,444</b>     | 6,095,074     | 6,041,175     |

### FINANCIAL POSITION

|                                                    |                    |             |             |
|----------------------------------------------------|--------------------|-------------|-------------|
| Working capital .....                              | <b>102,955,539</b> | 104,989,549 | 111,647,548 |
| Land, buildings and equipment (after depreciation) | <b>97,932,147</b>  | 97,030,741  | 89,363,924  |
| Total assets .....                                 | <b>357,049,287</b> | 335,799,978 | 323,483,636 |
| Funded debt .....                                  | <b>95,084,000</b>  | 102,496,000 | 105,455,700 |
| Shareholders' equity .....                         | <b>191,833,598</b> | 179,091,909 | 171,325,548 |

### PER COMMON SHARE

|                                                                                                  |             |     |      |
|--------------------------------------------------------------------------------------------------|-------------|-----|------|
| Net earnings per share on weighted average number<br>of shares outstanding during the year ..... | <b>1.13</b> | .82 | .98* |
| Dividends paid per share .....                                                                   | <b>.40</b>  | .40 | .40  |

### RATIOS AND STATISTICS

|                                                      |                   |            |            |
|------------------------------------------------------|-------------------|------------|------------|
| Ratio of current assets to current liabilities ..... | <b>2.7-1</b>      | 3.3-1      | 3.8-1      |
| Number of shares issued .....                        | <b>15,310,373</b> | 15,242,150 | 15,226,486 |
| Number of shareholders .....                         | <b>10,995</b>     | 10,887     | 10,426     |
| Price range per common share .....                   | <b>22½-17¾</b>    | 21¼-13⅝    | 23⅜-16½    |

\*Excluding non-recurring profit

†53 weeks

| 1968†         | 1967          | 1966          | 1965          | 1964          | 1963†         | 1962          |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| \$276,302,827 | \$259,445,891 | \$248,021,913 | \$231,714,746 | \$211,981,806 | \$193,015,196 | \$175,268,927 |
| 2,574,000     | 2,088,000     | 1,800,000     | 1,800,000     | 1,600,000     | 1,300,000     | 1,300,000     |
| 3,635,589     | 3,456,740     | 2,657,900     | 2,102,660     | 2,107,731     | 2,020,034     | 1,442,137     |
| 2,598,643     | 2,331,353     | 2,197,697     | 2,004,442     | 1,973,130     | 1,660,619     | 1,574,321     |
| 6,647,231     | 6,235,835     | 5,891,653     | 4,831,385     | 4,338,856     | 3,768,791     | 3,428,996     |
| 9,090,000     | 8,650,000     | 7,750,000     | 7,300,000     | 5,900,000     | 4,800,000     | 3,900,000     |
| 14,034,551*   | 13,585,339*   | 11,728,918    | 10,709,752    | 9,129,548     | 8,176,304     | 6,665,378     |
| 4,801,508     | 4,470,574     | 4,272,045     | 3,794,394     | 3,361,151     | 2,938,941     | 2,593,648     |
| 93,981,738    | 94,278,665    | 84,843,014    | 79,419,633    | 75,310,330    | 53,435,481    | 58,315,882    |
| 86,744,541    | 80,045,635    | 71,872,767    | 66,846,423    | 61,454,123    | 60,838,686    | 53,746,142    |
| 310,751,139   | 285,855,277   | 266,027,886   | 245,977,150   | 219,131,161   | 203,417,473   | 183,756,990   |
| 94,108,000    | 95,874,000    | 82,595,000    | 81,785,000    | 71,920,000    | 53,702,000    | 59,373,000    |
| 159,230,244   | 145,529,756   | 133,728,292   | 117,370,001   | 108,654,860   | 102,644,239   | 92,859,585    |
| .94*          | .91*          | .83           | .77           | .66           | .62           | .51           |
| .32           | .30           | .30           | .27¼          | .24¾          | .22½          | .20           |
| 2.8-1         | 3.3-1         | 2.8-1         | 2.8-1         | 3.1-1         | 2.2-1         | 2.9-1         |
| 15,027,576    | 14,983,004    | 14,868,410    | 14,005,934    | 13,827,540    | 13,725,828    | 12,994,304    |
| 8,829         | 8,862         | 9,027         | 8,357         | 7,529         | 6,124         | 6,238         |
| 20¼-15½       | 18-12¾        | 15¾-12⅞       | 15¼-12⅞       | 14¾-9¾        | 9½-7½         | 8-6¼          |



## a centennial message from the president

We started out one hundred years ago stating that we stood for certain things: good value — good taste — integrity — and courteous service to customers. In a century of accelerating change and development, your Company steadfastly retained these principles and philosophies which were the very foundation upon which it grew from one small general store in Toronto to eleven great department stores and, with Simpsons-Sears, to one of the nation's largest retail organizations serving millions of Canadians from coast to coast.

*"WE MEAN TO SHOW OURSELVES TO BE BETTER MERCHANTS  
AND TO INDUCE QUICK TRADING THE STORE THROUGH."*

This statement reputedly written by Robert Simpson, the founder of our business, and used in his early advertisements, while since refined, expanded and often restated, is still unchanged in principle and essential method — indeed, it could well have been the overriding theme for the planning of our Centennial Year programmes. The upward of 250 outstanding merchandise offerings and the many exciting and entertaining special events, which together form the major component of our Centennial celebrations, were devised to achieve precisely the same end result, that is increased sales and profits.

Great things have been planned for our Centennial Year — programmes recalling our struggles, our successes, our innovations and the richness of our past, but, more importantly, demonstrating the merchandising and promotional capabilities of our people and their spirited resolve to plan together, to work together, sharing knowledge, expertise and creative talent in the development of Company-wide offerings and the attainment of increasing levels of achievement.

"We mean to show ourselves to be better merchants . . ." while written many decades ago, its great challenge continues in 1972 as it did then. Our success in meeting that challenge over the past century is viewed as merely a forerunner of greater things to come as we vigorously continue our search for even higher standards of excellence in merchandise selections, facilities, services, and in our relations with customers, suppliers and staff.

A handwritten signature in dark ink, appearing to read 'R. Simpson', with a stylized flourish at the end.

President





Simpsons

1972 CENTENNIAL YEAR





SIMPSONS-SEARS LIMITED  
and Subsidiary Companies

## highlights

|                                                                                                                | 1971                 | 1970          |
|----------------------------------------------------------------------------------------------------------------|----------------------|---------------|
| Net sales .....                                                                                                | <b>\$765,777,592</b> | \$646,887,585 |
| Net earnings .....                                                                                             | <b>18,950,991</b>    | 12,200,791    |
| Per share .....                                                                                                | <b>1.21</b>          | .78           |
| Dividends declared .....                                                                                       | <b>7,561,909</b>     | 7,497,472     |
| Per share .....                                                                                                | <b>.48</b>           | .48           |
| Shareholders' equity (book value end of year) ....                                                             | <b>170,282,525</b>   | 156,464,740   |
| Per share .....                                                                                                | <b>10.83</b>         | 9.99          |
| Contributions to Simpsons-Sears Profit Sharing<br>Retirement Fund and Canada and Quebec<br>pension plans ..... | <b>4,403,332</b>     | 2,777,310     |
| Expenditures for fixed assets .....                                                                            | <b>29,524,749</b>    | 36,349,460    |
| Provision for depreciation .....                                                                               | <b>11,125,498</b>    | 7,705,309     |

Earnings per share are based on weighted average  
number of shares outstanding during the year.



simpsons  
department  
stores

toronto area

DOWNTOWN  
YORKDALE  
CEDARBRAE  
FAIRVIEW  
SHERWAY  
SHOPPERS' WORLD — BRAMPTON  
opening in August, 1972

montreal area

DOWNTOWN  
FAIRVIEW-POINTE CLAIRE  
LES GALERIES D'ANJOU

regina

DOWNTOWN

halifax

CHEBUCTO ROAD

london

DOWNTOWN



